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1981-82 FINANCIAL SURVEY

THE COST OF DOING BUSINESS

For Retail Sporting Goods Stores

Prepared for the
NATIONAL SPORTING GOODS ASSOCIATION
1699 Wall St., Mt. Prospect, Illinois 60056
312/439-4000

by
DR. E. LAIRD LANDON, JR.
College of Business Administration
University of Houston

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NATIONAL SPORTING GOODS ASSOCIATION
1699 Wall Street, Mt. Prospect, Illinois 60056
(312) 439-4000

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TABLE OF CONTENTS

Introduction 5

Income Statements and Productivity Ratios. 9

By Sales Volume 11

By Number of Stores 17

By Region of the Country. 21

By Full Line vs. Specialty. 27

By Amount of Team Business. 31

Worksheets 35

For Percent of Net Sales. 36

For Percent of Total Operating Expenses 38

For Productivity Measures 40

Description of Survey Respondents. 45

INTRODUCTION

For 28 years, NSGA has conducted an Annual Cost of Doing Business Survey. The study reports the most comprehensively available financial data on the retail sporting goods industry. The study provides information for retailers to improve the operating performances of their businesses. By comparing composite figures on expenses and sales, retailers can highlight areas of excellence and identify problem areas. With this information, they can seek to increase their profit through managerial decisions.

Many members have been concerned that reported figures may not be representative of all sporting goods retailers. Others have felt that the reports have been difficult to interpret. Based on member input, we have made substantial changes in the Business Survey.

A focus group of NSGA members was held in Fort Worth, Texas in February of 1981 to explore ways to improve the study. Most changes in data collection procedures were initiated after discussion with this group.

It was decided to develop a questionnaire instrument which would make it easier for retailers to respond. It was also

decided to produce a briefer report which highlighted only essential information, so that retailers would find it easier to use.

A cover letter was written and included with a questionnaire and return envelope. This mailing occurred in early August of 1981. The cover letter asked repondents to complete the brief questionnaire and return the questionnaire along with an income statement for the 1980 fiscal year. Two weeks later a reminder post card was sent. Three weeks after the reminder post card, a second letter was sent with another copy of the questionnaire.

Approximately 4,000 questionnaires were mailed. We received 1,019 completed questionnaires. The response rate is just over 25%. The questionnaire asked for sensitive financial data and was not fun to fill out. The 25% return in this Cost of Doing Business Survey is quite acceptable.

Of the 1,019 questionnaires which were returned, 308 included an income statement. So 30% of the completed questionnaires included income statements. The 308 income statements represents approximately 8% of NSGA retail membership. This response is larger than the response to the previous Cost of Doing Business Survey.

All in all, the change in data collection procedures has produced a higher response rate and an excellent data base. Appendix B describes the sample in more detail. Improvements will continue to be made to provide the most representative cross section of the membership.

Because different charts of accounts are used by sporting goods retailers, great care was taken in coding. One experienced professional researcher did all coding so no differences in coding could result from differing interpretations by coders. The coding was supervised by a Professor of Accounting with over 20 years of practical and professional experience, much of it in retailing. Some coding decisions were necessarily arbitrary due to lack of information, but consistent, accepted accounting procedures were followed always.

E. Laird Landon Jr.

Dr. E. Laird Landon, Jr.
Univerity of Houston, Project Director

Thomas B. Doyle

Thomas B. Doyle
NSGA Director of Research

INCOME STATEMENTS AND RATIOS

This section presents operating statements for sporting goods dealers by low, medium, and high sales; one-store and multi-store firms; Western, South Central, North Central, and Eastern regions; full line and specialty dealers; and team and non-team dealers. Only full line sporting goods stores were included in the team and non-team reports. Full line stores with more than 24% of sales in team sales were classifed as "team" businesses, and firms with 0% to 24% of sales in team sales were classifed as "non-team" businesses.

Each income statement shows income and expense averages for all respondents in the category. Operating expenses are presented both as a percent of sales and a percent of total operating expenses. The retailer can estimate the dollar expense of the average retailer in his category by multiplying the percent of sales expense by his own net sales figure (see Appendix A for a worksheet). In addition, the retailer can determine the relative importance of expenses by comparing his own percent of total operating expense categories to the average percent of total operating expenses in his category. The percent of total operating expense figures are presented in the far right column of each table. All other percents are of total net sales.

The retailer will find five relevent income statements in this section: one for his size category of sales, one for his number of stores, one for his region of the country, one for his type of product line, and one for team or non-team business. Each appropriate income statement will give some insight into expenses of other retailers who are in that group. The worksheet in Appendix A lets the retailer put all five percentages in one place to make comparisons easier.

At the end of each set of income statements is a group of figures which measure components of operating productivity. Sales and profit per employee and sales and profit per selling square foot are listed along with inventory turnover. These figures are presented for each category (for example, low, medium, and high sales). These figures combine sales with the two largest expense categories, salaries and rent, to produce useful productivity measures.

Also presented are averages for the number of total equivalent employees per store and the total selling square feet per respondent. Because respondents have an average of 1.5 stores each, you should keep in mind that total selling square feet are not on a per store basis.

Income Statements & Productivity Ratios

by Sales Volume

SALES UNDER $300,000

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		64.27	
Gross Profit		35.73%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	12.94%		43.34%
Payroll Taxes	.90		3.03
Licenses and Other Tax	.93		3.15
Advertising and Promotion	2.67		8.98
Professional Services	.71		2.39
Rent	3.67		12.32
Repair and Maintenance	.40		1.36
Utilities	1.27		4.25
Auto and Delivery	.88		2.96
Depreciation	1.07		3.59
Store and Office Supplies	1.21		4.08
General Postage	.10		.35
Telephone and Telegraph	.55		1.85
Travel and Entertainment	.46		1.54
Dues and Subscriptions	.14		.48
Donations	.05		.16
Insurance	1.28		4.32
Collection Expense	.06		.20
Other Operating Expense	.49		1.65
Total Operating Expenses		29.78	100.00%
Net Operating Profit		5.95%	
Add Other Income	.99%		
Less Other Expense	(2.19)	(1.20)	
Income Before Income Taxes		4.75%	

SALES BETWEEN
$300,000 - $1,000,000

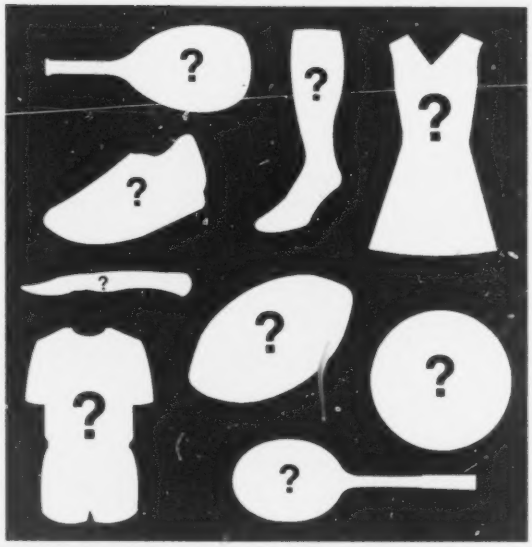
		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.73	
Gross Profit		34.27%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.40%		50.18%
Payroll Taxes	.93		3.23
Licenses and Other Tax	.78		2.74
Advertising and Promotion	2.05		7.16
Professional Services	.61		2.12
Rent	3.13		10.93
Repair and Maintenance	.32		1.13
Utilities	.83		2.92
Auto and Delivery	.70		2.43
Depreciation	1.03		3.61
Store and Office Supplies	.92		3.23
General Postage	.05		.19
Telephone and Telegraph	.46		1.61
Travel and Entertainment	.50		1.77
Dues and Subscriptions	.11		.40
Donations	.05		.19
Insurance	1.27		4.44
Collection Expense	.21		.73
Other Operating Expense	.28		.99
Total Operating Expenses		28.63	100.00%
Net Operating Profit		5.64%	
Add Other Income	1.25%		
Less Other Expense	(1.76)	(.51)	
Income Before Income Taxes		5.13%	

SALES OVER $1,000,000

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		66.67	
Gross Profit		33.33%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.72%		53.91%
Payroll Taxes	.92		3.17
Licenses and Other Tax	.73		2.54
Advertising and Promotion	2.22		7.65
Professional Services	.47		1.61
Rent	2.93		10.08
Repair and Maintenance	.37		1.26
Utilities	.81		2.78
Auto and Delivery	.46		1.57
Depreciation	.88		3.04
Store and Office Supplies	.91		3.14
General Postage	.08		.27
Telephone and Telegraph	.46		1.58
Travel and Entertainment	.48		1.64
Dues and Subscriptions	.09		.33
Donations	.04		.14
Insurance	1.09		3.76
Collection Expense	.19		.66
Other Operating Expense	.25		.87
Total Operating Expenses		29.10	100.00%
Net Operating Profit		4.23%	
Add Other Income	1.31%		
Less Other Expense	(1.64)	(.33)	
Income Before Income Taxes		3.90%	

PRODUCTIVITY RATIOS
BY SALES VOLUME

	Under $300,000	$300,000 to $1,000,000	Over $1,000,000	Total
Total Equivalent Employees	3.4	8.1	36.4	13.6
Sales Per Total Equivalent Employee	$62,348	$73,534	$82,016	$72,257
Profit Per Total Equivalent Employee	$4,280	$4,317	$2,964	$3,976
Total Selling Square Feet	1,802	3,776	12,679	5,245
Sales Per Total Selling Square Foot	$121	$226	$285	$207
Profit Per Total Selling Square Foot	$7.56	$15.06	$10.78	$11.72
Inventory Turnover	3.7	3.6	4.2	3.8



Shrinkage=Lost Profits

Shrinkage comes out of profits, not out of sales. And the number one cause of shrinkage is employee theft. What can you do about it?

NSGA Member Price: $25.00
Non-NSGA Member Price: $65.00

I have enclosed a check for $ _____ for "Loss Prevention: A Retailer's Guide to Store Security".
☐ Master Card ☐ Visa
Card No. _____
Expiration Date _____
Send to:
Name _____
Title _____
Company _____
Address _____
City/State/Zip _____
Mail to:
National Sporting Goods Association
1699 Wall Street
Mt. Prospect, Illinois 60056

☐ Send me information on NSGA membership.

The National Sporting Goods Association asked Philip A. Ruppell, President of Aware Security Group and formerly security director for Oshman's Sport Goods, to prepare a manual to assist NSGA members in reducing shrinkage. "Loss Prevention: A Retailer's Guide to Store Security" describes ways of identifying and correcting potential problems. The manual provides outlines, checklists and programs to minimize shrinkage in your store.

Major sections include:

Internal Losses emphasizes employee involvement programs which motivate employees, thus becoming an integral part of management's asset protection measures. Employee loss prevention committees, employee surveys and anonymous phone lines are tools described in detail. How employees steal and programs for controlling these thefts are outlined, including a method for interviewing a suspected employee.

External Losses deals with the forces from outside the company — shoplifting, burglaries, and other external theft. Suggested programs and methods are offered to counteract these types of theft.

Emergencies stresses the training of employees to react to such events as robberies, power failure and fire.

Forms, Memos, Examples provide the retailer with proven samples of checklists, letters, and signing to use in developing an effective program. Each sample is suitable for copying.

Training, Development is a schedule for the implementation of a complete loss prevention program and contains quizzes to use as a part of the employee development process.

Outside Services offers suggestions about the use of outside agencies to supplement an in-house program. Truth verification, shopping services and undercover agents are evaluated.

Income Statements & Productivity Ratios

by Number of Stores

ONE STORE

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		67.33	
Gross Profit		32.77%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.27%		52.55%
Payroll Taxes	.96		3.54
Licenses and Other Tax	.64		2.37
Advertising and Promotion	2.54		9.37
Professional Services	.50		1.84
Rent	2.29		8.45
Repair and Maintenance	.31		1.14
Utilities	.76		2.79
Auto and Delivery	.53		1.94
Depreciation	.80		2.95
Store and Office Supplies	.83		3.05
General Postage	.06		.22
Telephone and Telegraph	.42		1.56
Travel and Entertainment	.52		1.92
Dues and Subscriptions	.10		.35
Donations	.05		.19
Insurance	1.15		4.25
Collection Expense	.15		.54
Other Operating Expense	.27		.98
Total Operating Expenses		27.15	100.00%
Net Operating Profit		5.62%	
Add Other Income	1.05%		
Less Other Expense	(1.55)	(.50)	
Income Before Income Taxes		5.12%	

MORE THAN ONE STORE

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.07	
Gross Profit		34.93%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.94%		51.80%
Payroll Taxes	.89		2.89
Licenses and Other Tax	.87		2.84
Advertising and Promotion	1.89		6.16
Professional Services	.55		1.77
Rent	3.75		12.17
Repair and Maintenance	.40		1.30
Utilities	.93		3.03
Auto and Delivery	.58		1.87
Depreciation	1.07		3.48
Store and Office Supplies	1.03		3.35
General Postage	.08		.27
Telephone and Telegraph	.51		1.64
Travel and Entertainment	.45		1.45
Dues and Subscriptions	.11		.36
Donations	.04		.12
Insurance	1.18		3.84
Collection Expense	.23		.73
Other Operating Expense	.29		.93
Total Operating Expenses		30.79	100.00%
Net Operating Profit		4.14%	
Add Other Income	1.48%		
Less Other Expense	(1.85)	(.37)	
Income Before Income Taxes		3.77%	

PRODUCTIVITY RATIOS
BY NUMBER OF STORES

	One Store	Multi-Store	Total
Total Equivalent Employees	7.9	28.7	13.6
Sales Per Total Equivalent Employee	$73,448	$68,763	$72,157
Profit Per Total Equivalent Employee	$4,239	$3,205	$3,954
Total Selling Square Feet	3,344	10,584	5,241
Sales Per Total Selling Square Foot	$217	$176	$206
Profit Per Total Selling Square Foot	$12.84	$8.62	$11.72
Inventory Turnover	3.7	3.9	3.8

Income Statements & Productivity Ratios

by Region of the Country

THE WESTERN REGION

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		63.78	
Gross Profit		36.22%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	16.01%		50.93%
Payroll Taxes	.87		2.77
Licenses and Other Tax	1.01		3.22
Advertising and Promotion	2.07		6.60
Professional Services	.61		1.97
Rent	3.91		12.45
Repair and Maintenance	.36		1.14
Utilities	.81		2.60
Auto and Delivery	.52		1.67
Depreciation	1.15		3.68
Store and Office Supplies	.88		2.79
General Postage	.11		.34
Telephone and Telegraph	.47		1.50
Travel and Entertainment	.67		2.12
Dues and Subscriptions	.16		.51
Donations	.05		.17
Insurance	1.31		4.16
Collection Expense	.19		.63
Other Operating Expense	.23		.75
Total Operating Expenses		31.39	100.00%
Net Operating Profit		4.83%	
Add Other Income	2.27%		
Less Other Expense	(2.09)	.18	
Income Before Income Taxes		5.01%	

THE NORTH CENTRAL REGION

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		66.90	
Gross Profit		33.10%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.11%		51.74%
Payroll Taxes	1.01		3.45
Licenses and Other Tax	.70		2.40
Advertising and Promotion	2.74		9.39
Professional Services	.40		1.39
Rent	2.90		9.94
Repair and Maintenance	.38		1.29
Utilities	.92		3.14
Auto and Delivery	.45		1.55
Depreciation	.88		3.03
Store and Office Supplies	1.05		3.60
General Postage	.06		.20
Telephone and Telegraph	.52		1.81
Travel and Entertainment	.41		1.39
Dues and Subscriptions	.06		.22
Donations	.04		.13
Insurance	1.13		3.88
Collection Expense	.16		.55
Other Operating Expense	.26		.90
Total Operating Expenses		29.18	100.00%
Net Operating Profit		3.92%	
Add Other Income	.86%		
Less Other Expense	(1.47)	(.61)	
Income Before Income Taxes		3.31%	

THE EASTERN REGION

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		66.91	
Gross Profit		33.09%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.84%		56.24%
Payroll Taxes	1.13		4.27
Licenses and Other Tax	.59		2.24
Advertising and Promotion	1.47		5.57
Professional Services	.42		1.58
Rent	2.23		8.46
Repair and Maintenance	.31		1.17
Utilities	.77		2.91
Auto and Delivery	.81		3.07
Depreciation	.53		2.02
Store and Office Supplies	.90		3.40
General Postage	.01		.05
Telephone and Telegraph	.36		1.38
Travel and Entertainment	.33		1.26
Dues and Subscriptions	.07		.28
Donations	.03		.12
Insurance	1.14		4.31
Collection Expense	.12		.45
Other Operating Expense	.32		1.22
Total Operating Expenses		26.38	100.00%
Net Operating Profit		6.71%	
Add Other Income	.80%		
Less Other Expense	(1.63)	(.83)	
Income Before Income Taxes		5.88%	

THE SOUTH CENTRAL REGION

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		67.75	
Gross Profit		32.25%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	14.33%		51.92%
Payroll Taxes	.77		2.78
Licenses and Other Tax	.67		2.42
Advertising and Promotion	2.09		7.57
Professional Services	.63		2.29
Rent	2.68		9.73
Repair and Maintenance	.36		1.31
Utilities	.84		3.04
Auto and Delivery	.58		2.11
Depreciation	.99		3.60
Store and Office Supplies	.89		3.22
General Postage	.08		.31
Telephone and Telegraph	.44		1.61
Travel and Entertainment	.46		1.68
Dues and Subscriptions	.11		.40
Donations	.05		.18
Insurance	1.04		3.77
Collection Expense	.25		.90
Other Operating Expense	.32		1.16
Total Operating Expenses		27.58	100.00%
Net Operating Profit		4.67%	
Add Other Income	.92%		
Less Other Expense	(1.64)	(.72)	
Income Before Income Taxes		3.95%	

PRODUCTIVITY RATIOS
BY REGION

	West	North Central	East	South Central	Total
Total Equivalent Employees	19.0	13.7	10.7	10.0	13.6
Sales Per Total Equivalent Employee	$68,329	$67,720	$80,824	$75,408	$72,075
Profit Per Total Equivalent Employee	$3,795	$2,937	$3,950	$5,118	$3,963
Total Selling Square Feet	5,629	6,009	4,482	4,487	5,229
Sales Per Total Selling Square Foot	$213	$177	$236	$215	$207
Profit Per Total Selling Square Foot	$10.81	$ 7.83	$11.94	$15.95	$11.68
Inventory Turnover	3.7	4.0	3.9	3.6	3.8

Income Statements & Productivity Ratios

by Full Line vs. Specialty

FULL LINE
SPORTING GOODS STORES

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		66.86	
Gross Profit		33.14%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.24%		53.62%
Payroll Taxes	.97		3.43
Licenses and Other Tax	.63		2.22
Advertising and Promotion	2.21		7.78
Professional Services	.48		1.71
Rent	2.74		9.67
Repair and Maintenance	.35		1.25
Utilities	.85		2.99
Auto and Delivery	.50		1.75
Depreciation	.81		2.86
Store and Office Supplies	.96		3.38
General Postage	.06		.21
Telephone and Telegraph	.44		1.54
Travel and Entertainment	.45		1.59
Dues and Subscriptions	.09		.32
Donations	.05		.17
Insurance	1.13		3.99
Collection Expense	.19		.69
Other Operating Expense	.24		.83
Total Operating Expenses		28.39	100.00%
Net Operating Profit		4.75%	
Add Other Income	.80%		
Less Other Expense	(1.48)	(.68)	
Income Before Income Taxes		4.07%	

SPECIALTY
SPORTING GOODS STORES

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		64.82	
Gross Profit		35.18%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.03%		48.94%
Payroll Taxes	.83		2.71
Licenses and Other Tax	1.06		3.47
Advertising and Promotion	2.25		7.37
Professional Services	.60		1.97
Rent	3.75		12.25
Repair and Maintenance	.36		1.18
Utilities	.86		2.81
Auto and Delivery	.67		2.20
Depreciation	1.20		3.92
Store and Office Supplies	.91		2.98
General Postage	.10		.33
Telephone and Telegraph	.52		1.71
Travel and Entertainment	.55		1.81
Dues and Subscriptions	.13		.43
Donations	.04		.12
Insurance	1.23		4.03
Collection Expense	.17		.55
Other Operating Expense	.37		1.22
Total Operating Expenses		30.63	100.00%
Net Operating Profit		4.55%	
Add Other Income	2.25%		
Less Other Expense	(2.21)	.04	
Income Before Income Taxes		4.59%	

PRODUCTIVITY RATIOS
BY TYPE OF STORE

	Full Line	Specialty	Total
Total Equivalent Employees	14.6	12.3	13.6
Sales Per Total Equivalent Employee	$74,295	$67,895	$71,578
Profit Per Total Equivalent Employee	$3,995	$3,746	$3,890
Total Selling Square Feet	6,220	3,926	5,266
Sales Per Total Selling Square Foot	$177	$239	$203
Profit Per Total Selling Square Foot	$9.40	$14.03	$11.30
Inventory Turnover	3.4	4.2	3.8

Income Statements & Productivity Ratios

by Amount of Team Business

LESS THAN 25%
TEAM BUSINESS

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		65.87	
Gross Profit		34.13%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.01%		51.52%
Payroll Taxes	1.07		3.67
Licenses and Other Tax	.52		1.79
Advertising and Promotion	2.67		9.14
Professional Services	.55		1.89
Rent	3.34		11.46
Repair and Maintenance	.41		1.40
Utilities	.89		3.04
Auto and Delivery	.34		1.16
Depreciation	.91		3.12
Store and Office Supplies	1.06		3.65
General Postage	.04		.12
Telephone and Telegraph	.37		1.26
Travel and Entertainment	.44		1.50
Dues and Subscriptions	.09		.30
Donations	.06		.19
Insurance	1.01		3.45
Collection Expense	.18		.60
Other Operating Expense	.22		.74
Total Operating Expenses		29.18	100.00%
Net Operating Profit		4.94%	
Add Other Income	.94%		
Less Other Expense	(1.42)	(.48)	
Income Before Income Taxes		4.47%	

AT LEAST 25%
TEAM BUSINESS

		Percent of Net Sales	Percent of Total Operating Expenses
Net Sales		100.00%	
Less Cost of Goods Sold		67.91	
Gross Profit		32.09%	
OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	15.38%		55.87%
Payroll Taxes	.86		3.11
Licenses and Other Tax	.77		2.80
Advertising and Promotion	1.73		6.28
Professional Services	.41		1.49
Rent	2.07		7.52
Repair and Maintenance	.30		1.08
Utilities	.82		2.98
Auto and Delivery	.68		2.48
Depreciation	.72		2.60
Store and Office Supplies	.84		3.05
General Postage	.09		.32
Telephone and Telegraph	.52		1.88
Travel and Entertainment	.46		1.66
Dues and Subscriptions	.09		.34
Donations	.04		.15
Insurance	1.28		4.65
Collection Expense	.22		.79
Other Operating Expense	.26		.95
Total Operating Expenses		27.54	100.00%
Net Operating Profit		4.55%	
Add Other Income	.65%		
Less Other Expense	(1.58)	(.93)	
Income Before Income Taxes		3.62%	

PRODUCTIVITY RATIOS FOR
TEAM AND NON TEAM STORES*

	Team	Non Team	Total
Total Equivalent Employees	13.8	15.5	14.7
Sales Per Total Equivalent Employee	$71,114	$76,770	$74,041
Profit Per Total Equivalent Employee	$3,389	$4,557	$3,994
Total Selling Square Feet	4,937	7,564	6,267
Sales Per Total Selling Square Foot	$208	$143	$175
Profit Per Total Selling Square Foot	$10.83	$7.86	$9.33
Inventory Turnover	3.8	3.0	3.4

* Only full line stores are included

APPENDIX A

WORKSHEETS

The following pages provide a format for you to compare your business to group averages for other NSGA member businesses. Comparison can be made by sales, number of stores, region, type of store, and team/non-team business.

The first two worksheets let you compare operating statements on percentage of net sales and percentage of total operating expenses, respectively. The last worksheet lets you look more closely at different productivity measures of two very important operating items: wages and rent. Inventory turnover is also included.

Instructions for Percent of Net Sales Worksheet

YOUR 1980 DOLLAR RESULTS

Record the dollar amounts from your 1980 operating statement in this column.

YOUR 1980 PERCENTAGES OF SALES

Convert your 1980 dollar results to percentages by dividing each dollar item in the first column by your total net sales.

SALES

Record the percent of sales for each item from your net sales group average. (Page 12)

NUMBER OF STORES

Record the percent of sales for each item from your number of stores group average. (Page 18)

REGION

Record the percent of sales for each item from your region's group average. (Page 22)

TYPE OF STORE

Record the percent of sales for each item from your type of store group average. (Page 28)

TEAM

Record the percent of sales for each item from your team sales group average. (Page 32)
(only applicable for full line retailers)

Now you can compare your expenses as percents of net sales with those of other NSGA retailers across the various categories.

WORKSHEET FOR PERCENT OF NET SALES

	Your 1980 $ Results	Your 1980 % of Sales	Sales	Number of Stores	Region	Type	Team
Net Sales	$	100%	100%	100%	100%	100%	100%
Less Cost of Goods Sold							
Gross Profit							
Operating Expenses							
Salaries & Wages							
Payroll Taxes							
Licenses & Other Tax							
Advertising & Promo							
Professional Services							
Rent							
Repair & Maintenance							
Utilities							
Auto & Delivery							
Depreciation							
Store & Office Supplies							
General Postage							
Telephone & Telegraph							
Travel & Entertainment							
Dues & Subscriptions							
Donations							
Insurance							
Collection Expense							
Other Operating Expense							
Total Expenses							
Net Operating Profit							
Add Other Income							
Less Other Expense							
Income Before Taxes							

Instructions for Percent of Total Operating Expenses Worksheet

YOUR 1980 OPERATING EXPENSES

Record the dollar amounts from your 1980 operating statement in this column.

YOUR 1980 PERCENTAGES OF TOTAL OPERATING EXPENSES

Divide each operating expense item by total operating expenses. These percentages should add up to 100.

SALES

Record the percent of total operating expenses from your group average of net sales for 1980. (Page 12)

NUMBER OF STORES

Record the percent of total opeating expense for each item from the group average for your number of stores. (Page 18)

REGION

Record the percent of total operating expense for each item from your region's group average. (Page 22)

TYPE OF STORE

Record the percent of total operating expense for each item from your type of store group average. (Page 28)

TEAM

Record the percent of total operating expense for each item from your team sales group average. (Page 32)
(only applicable for full line retailers)

Now you can compare your expenses as percents of total operating expenses with those of other NSGA retailers across the various categories.

WORKSHEET FOR PERCENT OF TOTAL EXPENSES

	Your 1980 $ Results	Your 1980 % of Total Expenses	Sales	Number of Stores	Region	Type	Team
Operating Expenses							
Salaries & Wages							
Payroll Taxes							
Licenses & Other Tax							
Advertising & Promo							
Professional Services							
Rent							
Repair & Maintenance							
Utilities							
Auto & Delivery							
Depreciation							
Store & Office Supplies							
General Postage							
Telephone & Telegraph							
Travel & Entertainment							
Dues & Subscriptions							
Donations							
Insurance							
Collection Expense							
Other Operating Expense							
Total Expenses	$	100%	100%	100%	100%	100%	100%

Instructions for Productivity Measures Worksheet

FULL TIME EQUIVALENT EMPLOYEES

Multiply the total number of part time employees in your business by the average number of hours worked per week and divide this amount by 40. This converts part time employees to full time equivalents.

_____	x	_____	=	_____	40 =	_____
Number of Part Time Employees		Average Hours				Full Time Equivalents

TOTAL EQUIVALENT EMPLOYEES

Add full time employees and full time equivalents.

_____	+	_____	=	_____
Number of Full Time Employess		Full Time Equivalents		Total Equivalent Employees

SALES PER TOTAL EQUIVALENT EMPLOYEE

Divide net sales by total equivalent employees.

$_____	÷	_____	=	$_____
Net Sales		Total Equivalent Employees		Sales per Total Equivalent Employee

PROFIT PER TOTAL EQUIVALENT EMPLOYEE

Divide net operating profit (dollars) by total equivalent employees

$_____	÷	_____	=	_____
Net Operating Profit		Total Equivalent Employees		Profit per Total Equivalent Employee

SALES PER SELLING SQUARE FOOT

Divide net sales by the total selling square footage of your business

$ Net Sales	÷	Total Selling Square Footage	=	$ Sales per Selling Square Foot

PROFIT PER TOTAL SELLING SQUARE FOOT

Divide net operating profit (dollars) by the total selling square footage of your business.

$ Net Operating Profit	÷	Total Selling Square Footage	=	$ Profit per Selling Square Foot

INVENTORY TURNOVER

Divide net sales by ending inventory.

$ Net Sales	÷	$ Ending Inventory	=	Inventory Turnover

Enter the answers obtained from these calculations in Column 1 of the Productivity Measures Worksheet. To complete the worksheet, simply enter the group productivity averages for your sales, number of stores, type of store, region, and team sales. Now compare your results to the group average.

WORKSHEET FOR PRODUCTIVITY MEASURES

	Your 1980 Ratios	Sales	Number of Stores	Region	Type	Team
Total Equivalent Employees	_____	_____	_____	_____	_____	_____
Sales Per Total Equivalent Employee	_____	_____	_____	_____	_____	_____
Profit Per Total Equivalent Employee	_____	_____	_____	_____	_____	_____
Total Selling Square Feet	_____	_____	_____	_____	_____	_____
Sales Per Total Selling Square Foot	_____	_____	_____	_____	_____	_____
Profit Per Total Selling Square Foot	_____	_____	_____	_____	_____	_____
Inventory Turnover	_____	_____	_____	_____	_____	_____

APPENDIX B

DESCRIPTION OF THE SURVEY RESPONDENTS

To have confidence in the results of the Cost of Doing Business Survey, each retailer will want to know if the survey respondents are representative of the membership. Even more important is whether the data for each group of retailers represents that group. If so, a member can learn from the expense data for other members in a similar classification.

In this Appendix, the total sample is compared to the 1980 Survey of Member Opinions, which had a higher response rate. Also, presented is a comparison of respondents who sent in income statements with those who did not, to see if the income statement group fairly represents the total sample.

1980 Survey of Member Opinions

Table 1 shows that the two samples are very close on the number of stores represented. Table 2 shows that 60% of the Cost of Doing Business Survey respondents are general sporting goods dealers but only 40% of the respondents in the Membership Opinion Survey were general dealers. Most likely, the NSGA members who operate specialty stores were less likely to respond to the Cost of Doing Survey because

operating expenses for these retailers would not be completely comparable to the full line dealers.

Table 3 shows that the percent of sales in team business is very close in the two samples, and Table 4 shows that the regional distribution of respondents is also close in the two studies. However, the Cost of Doing Business Survey sample has slightly more respondents in the South Central region and slightly fewer respondents in the North Central region compared with the Membership Survey of 1980.

Table 5 shows that sales revenue for the two samples are quite close, particularly when you consider that the Opinion Survey asked for sales data for 1979 and the Cost of Doing Business Survey asked for data for 1980. It is encouraging to note that respondents are not all from large firms.

Table 6 shows that the Cost of Doing Business Survey has a higher proportion (twice as many) of firms which have been in business for over 15 years than does the Opinion Survey sample. Younger firms probably have less well developed accounting systems.

The second and third columns of Tables 1, 2, 3, 4 show that respondents who included income statements are very similar to respondents who only sent the brief questionnaire with

respect to number of stores, percent who are general sporting goods dealers, percent who do team business, and region of the country.

Table 5 shows that the income statement group of respondents has a larger percentage with sales in the $300,000 to $2 million categories. Forty-five percent of respondents who did not include income statements have sales under $300,000, but only 33% of respondents with income statements is in this group. Smaller retailers were apparently less willing to send income statements. However, the number of respondents below $300,000 sales is sufficiently large to provide useful comparisons. We hope to increase response rate from this group next year. Also note that the largest response group is in the middle sales range, providing high quality data for the group with the largest share of total sales. Finally, firms with sales over $2 million are not over-represented.

Table 6 shows that firms which have been in business for less than 5 years were less likely to include their income statements. Younger firms may have their hands full establishing their retail businesses.

Table 7 shows that the average retail unit has 6.5 full time employees and 4.4 part time employees for all respondents. The full income statement respondents had 8.7 full time and

4.9 part time employees. The number of employees were divided by the number of retail units owned to calculate the per retail unit number of employees. Most part time employees work 20 hours per week.

Table 8 shows the location of retail units separately for one-store dealers and multi-store dealers. The income statement group is very close to the total sample on the percent of multi-unit firms and the percent of various locations, and the type of ownership. Both the income statement group and the total respondent group have an average of 1.5 units per responding company. About three-fourths of all retail units are leased for both single unit and multi-unit firms.

Table 9 shows square footage and ending inventory figures for the total respondent group and the full income statement respondent group. The income statement respondent group have slightly less total and selling square footage, and slightly more ending inventory producing a higher inventory per total square foot ($28.34 vs $25.56). The larger inventory is consistent with a smaller percentage of total square feet devoted to selling for the full income statement group. These figures are not on a per store basis. Rather they represent a per respondent answer. If the figures were divided by 1.5, an estimate could be made of the per store square footage and inventory figures.

Table 10 shows that 63% of the income statement group and 57% of the total respondent group close their books in December or January. The remaining percentages are distributed relatively evenly throughout the year, with June being the third largest month. It appears from these figures that the income statement group and the total respondent groups are quite similar.

Tables 11 and 12 show that the total respondent group and full income statement group are very similar with respect to the type of inventory valuation method and the type of depreciation method used in the business. Almost half use FIFO with an additional 30% using LIFO. Three out of four respondents in both groups use straight line depreciation.

Table 13 shows that the full income statement group has a smaller percentage of individual proprietorships and a larger percentage of corporations than the total respondent group.

Table 14 shows that about 75% of each group includes owner's compensation in the income statement. Therefore, even though the income statement groups have more corporations and fewer proprietorships, it appears to have the same percentage of firms of any type which report owner's compensation in the

income statement. However, members should be aware that some retailers include owner's compensation and others do not. If you include owner's compensation in your income statement, the figures reported here for salaries and wages may be slightly lower than yours, because some respondents do not include owner's compensation. On the other hand, if you do not include owner's compensation, the reported figures may be higher than yours.

Summary

The new method used in this year's Cost of Doing Business Survey improved the response rate and quality of the responses received. However, in a survey of this type, those who respond may be different from those who do not respond. Based on the comparison of respondents in this study with a survey conducted last year, it appears that respondents who included income statements are more likely to be general sporting goods retailers, are likely to have slightly larger sales, are likely to have been in business longer, and are likely to have more employees than firms which did not respond. These differences may not be very important in this study, because each retailer can make direct comparisons with other retailers of his type.

Table 1

How Many Stores Do You Have?

	Opinion Survey	All CDBS	Full Income Statement
1	72%	76%	74%
2	16	14	16
3	5	5	5
4	2	4	4
5-9	3		
>10	2	1	1
	100	100	100

Table 2

Is Your Store Full Line or Specialty?

	Opinion Survey	All CDBS	Full Income Statement
Full Line	40%	60%	58%
Specialty	60	40	42
	100	100	100

Table 3

What Percent of Your Business is Team/Institutional?

	Opinion Survey	All CDBS	Full Income Statement
0%	25%	22%	24%
1- 5	16	15	16
6- 10	11	11	10
11- 20	14	13	11
21- 30	11	9	8
31- 50	9	14	14
51- 70	8	9	8
71- 90	5	5	7
91-100	1	2	2
	100	100	100

Table 4

Region of Country

	Opinion Survey	All CDBS	Full Income Statement
West	24%	23%	27%
South Central	25	30	30
North Central	37	31	28
East	14	16	15
	100	100	100

Table 5

What Was Your Total Sales In Sporting Goods in Fiscal 1980?

	Opinion Survey	All CDBS	Full Income Statement
Under $100,000	15%	10%	8%
$ 100,000- 299,999	34	34	24
$ 300,000- 499,999	17	17	22
$ 500,000- 999,999	17	19	22
$1,000,000-1,999,999	8	10	13
$2,000,000-4,999,999	6	7	8
$5,000,000 and over	3	3	3
	100	100	100

Table 6

For How Many Years Has Your Company Been in Business?

	Opinion Survey	All CDBS	Full Income Statement
Less than 1	12%	5%	2%
1 or 2	22	12	8
3 or 4	22	15	12
5 to 10	22	27	31
11 to 15	6	6	8
More than 15	16	35	39
	100	100	100

Table 7

Number of Full Time and Part Time Employees Per Retail Unit*

	All CDBS	Full Income Statement
Full Time	6.5	8.7
Part Time	4.4	4.9
Total	10.9	13.6

*retail unit: Total number of employees is divided by total number of retail units to get per unit figures.

Table 8

Distribution of Retail Units

All CDBS

	One Unit Firms	Multi Unit Firms
% of Sample	76%	24%
Location		
Mall	8	29
Strip	35	31
Free Standing	40	29
Other*	17	11
	100	100
Ownership		
Lease	72	76
Own	27	23
Other	1	1
	100	100

* Other: most respondents indicate a location "downtown"

Table 9

Selling Square Footage and Inventory

	All CDBS	Full Income Statement
Selling square feet*	5,881	5,241
Total square feet*	9,211	8,901
Ending inventory*	$235,427	$252,286
Percent of selling sq ft	64%	59%
Inventory per total sq ft	$25.56	$28.34

* Per respondent. Divide by 1.5 to estimate per store square footage and inventory figures.

Table 10

Month in Which Fiscal Year Ends

	All CDBS	Full Income Statement
January	10%	12%
February	5	6
March	6	4
April	5	4
May	2	3
June	9	7
July	4	3
August	2	1
September	4	3
October	5	5
November	1	1
December	47	51
	100%	100%

Table 11

Inventory Valuation

	All CDBS	Full Income Statement
LIFO	30%	29%
FIFO	46	48
Other	19	20
No Answer	5	3
	100%	100%

Table 12

Depreciation Method

	All CDBS	Full Income Statement
Straight Line	77%	76%
Accelerated	15	14
Other	3	6
No Answer	5	4
	100%	100%

Table 13

Type of Ownership

	All CDBS	Full Income Statement
Individual	23%	18%
Partnership	9	9
Sub Chapter S	9	11
Corporation	59	62
	100%	100%

Table 14

Owner's Compensation

	All CDBS	Full Income Statement
Included	73%	74%
Not Included	25	25
Other	2	1
	100%	100%